BUUS JENSEN
Statsautoriserede
Revisorer

Global Fitness Enterprises ApS

Øresundsvej 138 G, 2300 København S

Company reg. no. 40 63 31 97

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 30 June 2021.

Sebastian Manthey Wædeled
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

Today, the board of directors and the executive board have presented the annual report of Global Fitness Enterprises ApS for the financial year 1 January - 31 December 2020 of Global Fitness Enterprises ApS.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company’s assets, equity and liabilities, and financial position at 31 December 2020 and of the company’s results of activities in the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

København S, 30 June 2021

Executive board

Sebastian Manthey Wædeled Jakob Ejland Nygaard

Board of directors

Kenneth Andreasen Jakob Ejland Nygaard Sebastian Manthey Wædeled

Independent auditor's report

To the shareholders of Global Fitness Enterprises ApS

Opinion

We have audited the financial statements of Global Fitness Enterprises ApS for the financial year 1 January - 31 December 2020, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section “Auditor’s responsibilities for the audit of the financial statements”. We are independent of the company in accordance with international ethical requirements for auditors (IESBA’s Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainties concerning the company’s ability to continue as a going concern

We draw attention to note 1 in the annual accounts, which indicates that material uncertainties exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and contents of the financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 30 June 2021

BUUS JENSEN
State Authorised Public Accountants
Company reg. no. 16 11 90 40

Michael Markussen
State Authorised Public Accountant
mne34295

Company information

The company	Global Fitness Enterprises ApS Øresundsvej 138 G 2300 København S	
	Company reg. no.	40 63 31 97
	Established:	3 July 2019
	Domicile:	
	Financial year:	1 January - 31 December
Board of directors	Kenneth Andreasen Jakob Ejland Nygaard Sebastian Manthey Wædeled	
Executive board	Sebastian Manthey Wædeled Jakob Ejland Nygaard	
Auditors	BUUS JENSEN, Statsautoriserede revisorer	

Management commentary

The principal activities of the company

The main activity of the company is to be the master franchisee of the Orangetheory Fitness concept in Denmark.

The studios are operated by the company's subsidiaries.

Development in activities and financial matters

The gross loss for the year after tax totals DKK -4.460.943 against DKK -117.403 last year. Management considers the result of the year unsatisfactory. However, the results must be seen in the light of the ongoing COVID-19 outbreak.

The company has provided captial contributions of DKK 5.000.000 during the financial year for it's subsidiaries, Global Fitness Enterprises 01 ApS and Global Fitness Enterprises 02 ApS.

The Group's first two studios were expected to open respectively in April and Q4, 2020. However, due to the ongoing global COVID-19 outbreak, the openings was postponed. The first studio opened in September 2020 and was closed again in December 2020 and the first months of 2021 due to national restrictions. The second studio is expected to open in Q4, 2021.

Management refers to note 1 in the annual accounts, in which the management describes the company's financial situation.

Special items include COVID-19 compensation, cf. note 2 to the financial statements.

Events occurring after the end of the financial year

The company has completed a capital increase of 1.545.000 DKK in 2021.

Income statement

All amounts in DKK.

Note		1/1 - 31/12 2020	3/7 - 31/12 2019
	Gross loss	**-343.591**	**-74.924**
3	Staff costs	-363.136	0
	Amortisation and impairment of intangible assets	-529.552	0
	Profit before net financials	**-1.236.279**	**-74.924**
	Income from equity investments in group enterprises	-3.207.893	0
	Other financial costs	-16.771	-42.479
	Pre-tax net profit or loss	**-4.460.943**	**-117.403**
	Tax on net profit or loss for the year	0	0
	Net profit or loss for the year	**-4.460.943**	**-117.403**
	Proposed appropriation of net profit:		
	Allocated from retained earnings	-4.460.943	-117.403
	Total allocations and transfers	**-4.460.943**	**-117.403**

Statement of financial position at 31 December

All amounts in DKK.

Note	Assets	2020	2019
	Non-current assets		
4	Concessions, patents, licenses, trademarks, and similar rights acquired	2.118.208	2.647.760
	Total intangible assets	2.118.208	2.647.760
5	Equity investments in group enterprises	1.892.107	100.000
	Total investments	1.892.107	100.000
	Total non-current assets	**4.010.315**	**2.747.760**
	Current assets		
6	Receivables from group enterprises	288.674	48.076
	Total receivables	288.674	48.076
	Cash on hand and demand deposits	25.189	4.802.061
	Total current assets	**313.863**	**4.850.137**
	Total assets	**4.324.178**	**7.597.897**

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities

Note		2020	2019
	Equity		
	Contributed capital	50.000	50.000
	Retained earnings	3.063.954	7.524.897
	Total equity	**3.113.954**	**7.574.897**
	Liabilities other than provisions		
	Trade payables	353.866	23.000
	Other payables	856.358	0
	Total short term liabilities other than provisions	1.210.224	23.000
	Total liabilities other than provisions	**1.210.224**	**23.000**
	Total equity and liabilities	**4.324.178**	**7.597.897**

1 Uncertainties concerning the enterprise's ability to continue as a going concern

2 Special items

7 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Share premium	Retained earnings	Total
Equity 3 July 2019	50.000	7.642.300	0	7.692.300
Retained earnings for the year	0	0	-117.403	-117.403
Transferred to retained earnings	0	-7.642.300	7.642.300	0
Equity 1 January 2020	50.000	0	7.524.897	7.574.897
Retained earnings for the year	0	0	-4.460.943	-4.460.943
	50.000	**0**	**3.063.954**	**3.113.954**

Notes

All amounts in DKK.

	1/1 - 31/12 2020	3/7 - 31/12 2019

1. Uncertainties concerning the enterprise's ability to continue as a going concern

The Group's first two studios were expected to open respectively in April and Q4, 2020. However, due to the ongoing global COVID-19 outbreak, the opening was postponed. The first studio opened in September 2020 and was closed again in December 2020 due to national restrictions. The second studio is expected to open in Q4, 2021. It is a material condition for the company's ability to continue as a going concern, that the Group can realize the expected growth in new customers and revenue in accordance with the budget for 2021. It is furthermore, a material condition that the group is provided with the necessary liquidity from its owners and/or external loan capital to finance the completion of the second studio and first six months of operations, at the same time as a leasing agreement is entered into with the Group's leasing partner. Based on the budget, Management expects to have the necessary liquidity to finance the planned development and operating activities for the coming year.

2. Special items

Special items include significant income and expenses of a special nature relative to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any related gains on disposal and losses which, over time, have a significant impact. Special items also include other significant amounts of a nonrecurring nature including COVID-19 compensation.

As mentioned in the management commentary, the net profit or loss for the year is affected by a number of factors that differ from what is considered by management to be part of operating activities.

Special items for the year are specified below, indicating where they are recognised in the income statement.

Notes

All amounts in DKK.

2. Special items (continued)

	1/1 - 31/12 2020
Income:	
COVID-19 compensation	68.000
	68.000
Special items are recognised in the following items in the financial statements:	
Gross loss	68.000
Profit of special items, net	**68.000**

3. Staff costs

Salaries and wages	332.182	0
Pension costs	29.250	0
Other costs for social security	1.704	0
	363.136	**0**
Average number of employees	1	0

4. Concessions, patents, licenses, trademarks, and similar rights acquired

Cost 1 January 2020	2.647.760	0
Additions during the year	0	2.647.760
Cost 31 December 2020	**2.647.760**	**2.647.760**
Amortisation and writedown 1 January 2020	0	0
Amortisation and depreciation for the year	-529.552	0
Amortisation and writedown 31 December 2020	**-529.552**	**0**
Carrying amount, 31 December 2020	**2.118.208**	**2.647.760**

All amounts in DKK.

		31/12 2020	31/12 2019
5.	**Equity investments in group enterprises**		
	Cost 1 January 2020	100.000	0
	Additions during the year	5.000.000	100.000
	Cost 31 December 2020	**5.100.000**	**100.000**
	Revaluations, opening balance 1 January 2020	0	0
	Net profit or loss for the year before amortisation of goodwill	-3.165.288	0
	Adjustment to equity method	-42.605	0
	Revaluation 31 December 2020	**-3.207.893**	**0**
	Carrying amount, 31 December 2020	**1.892.107**	**100.000**

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	**Equity**	**Results for the year**	**Carrying amount, Global Fitness Enterprises ApS**
Global Fitness Enterprises 01 ApS, København	100 %	579.805	-727.590	579.805
Global Fitness Enterprises 02 ApS, København	100 %	1.312.302	-2.437.698	1.312.302
		1.892.107	**-3.165.288**	**1.892.107**

6. Receivables from group enterprises

The balance consists of two receivables at Global Fitness Enterprises 01 ApS and Global Fitness Enterprises 02 ApS. The loans do not have an estimated maturity date or required payments. The management expects the loans to be settled within 1 - 5 years.

7. Contingencies

Contingent liabilities

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

All amounts in DKK.

7. Contingencies (continued)

Joint taxation (continued)

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The liability relating to obligations in connection with withholding tax on dividends, interest, and royalties represents an estimated maximum of DKK 0.

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

Accounting policies

The annual report for Global Fitness Enterprises ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

Changes in the accounting policies

The method of recoginition and measurement of equity investments in group enterprises has changed from cost to the equity method during this fiscal year. It is thought this method will provide a more accurate image of the company's equity investments in group enterprises.

The change does not have any effects on the previous or future taxation of the company.

Except for the above, the accounting policies remain unchanged from last year.

The comparative figures have not been adjusted to the changed accounting policies.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Income statement

Gross loss

Gross loss comprises of revenue and external costs.

The enterprise will be applying IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue consists of royalties from subfranchised studios based on a percent of sales. Revenue is recognised less VAT.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets. Furthermore, this item comprises received subsidies, damages, and compensation due to the coronavirus situation.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable by the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Development projects, patents, and licences

Patents and licenses are measured at cost less accrued amortisation. Patents and licenses are amortised on a straightline basis over 5 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Impairment loss relating to non-current assets

The carrying amount of intangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist.

Investments

Equity in group enterprises

Equity in group enterprises are recognised and measured by applying the equity method. The equity method is used as a measurement method.

Equity in group enterprises recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterpriseswith a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in group enterprises, associates and equity interests but are not represented in the parent, the following accounting policies have been applied.

Equity in group enterprises with a negative equity value measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank.

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium.

The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

Income tax and deferred tax

As administration company, Global Fitness Enterprises ApS is liable to the tax authorities for the subsidiaries' corporate income taxes.

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.